



*California's protection and advocacy system*

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**Preliminary Analysis of 2013-14 Governor's Proposed Budget by  
Disability Rights California  
January 16, 2013**

On January 1, Governor Brown proposed a state budget for the fiscal year starting July 1, 2013 which, for the first time in many years, does not include cuts to income support or services for people with disabilities. The budget declares that:

"California is on its most stable fiscal footing in well over a decade. With the tough spending cuts enacted over the past two years and new temporary revenues provided by the passage of Proposition 30, the state's budget is projected to remain balanced for the foreseeable future."

The budget does not however restore any of the harmful cuts to SSI, In-Home Supportive Services or Medi-Cal that were made in previous years, such as the elimination of coverage of adult dental services. Advocates are looking to the legislature to do what the Governor did not do in this budget: reweave the safety net and restore services to low-income Californians who bore the brunt of the cuts over these many years. The legislature will hold hearings on this proposed budget and in May the Governor will present the May Revise, a version of the FY 13-14 budget reflecting changes in revenues and expenditures since January 2013. The legislature must vote on the final budget by midnight on June 15.

Here are some items from the proposed budget with particular impact on people with disabilities:

**Department of Developmental Services**

The Department of Developmental Services (DDS) provides consumers with developmental disabilities a variety of services and supports that allow them to live and work independently, or in supported environments.

DDS serves approximately 260,000 individuals with developmental disabilities in the community and 1,550 individuals in developmental centers. The Budget includes \$4.9 billion (\$2.8 billion General Fund) for support of the Department.

Key Provisions in the DDS budget:

Sonoma Developmental Center (SDC) – In December 2012, federal decertification and state license revocation actions were initiated for the Intermediate Care Facility (ICF) at the Sonoma Developmental Center (SDC), which provides services for approximately 290 individuals. DDS filed appeals and is working to resolve licensing issues to minimize loss of federal funds. Therefore, there is no adjustment for the potential loss of federal funding in the Budget pending the outcome of the appeal.

Regional Center Caseload Adjustment – An increase of \$36.1 million in 2012-13 and an increase of \$177.5 million in 2013-14 to reflect increases in caseload and use of services.

Sunset of Rate Reductions – An increase of \$46.7 million in 2013-14 to reflect the sunset of the 1.25 percent regional center operations and provider payment reduction. The 1.25 percent payment reduction is scheduled to end on 6/30/13.

The California First Five Commission, Backfill of Funds – The First Five Commission focus is to enhance the health and early growth experiences of children (ages 0-5), enabling them to be more successful in school and to give them a better opportunity to succeed in life. In previous years, DDS received money from the First Five to fund regional center services for this population. This year the DDS budget has an increase of \$40 million General Fund to backfill the one time support provided by the First 5 California Children and Families Commission.

Annual Family Program Fee – The budget permanently continues the Annual Family Program Fee, scheduled to sunset June 30, 2013. The program assesses a fee of \$150 or \$200 per family. The fee is based on family size and additional criteria and assessed to families whose adjusted gross family income is at, or above, 400 percent of the federal poverty

level.<sup>1</sup> This fee offsets developmental services General Fund costs by \$7.2 million.

Copayments – Recent legislation Senate Bill (SB) 946, Chapter 650, Statutes of 2011 required insurers and health plans to pay the costs of behavioral health treatment (BHT) for individuals with autism. BHT may be required as often as 3-5 times per week, resulting in significant copayments for families with private health insurance. The budget allows for some limited reimbursement of private insurance co-pays for behavioral services.

### **Special Education**

The budget proposes an increase of \$3.6 million Proposition 98 General Fund for Special Education average daily attendance (ADA) growth, and increases funding for K-12 mandates block grant by \$100 million to support costs associated with graduation requirements and Behavioral Intervention Plans. It proposes to restructure state requirements for Behavioral Intervention Plans to eliminate most state costs associated with providing these services. The budget provides \$69 million for realigned mental health services for special education students (AB 3632).

### **Department of Health Care Services (Medi-Cal)**

The budget proposes \$135 million in undetermined Medi-Cal Managed Care "efficiencies". Depending on how these savings are achieved, there is potential to negatively affect the quality of care and the way it is received.

In good news for low-income Californians, DHCS will move forward with expanding Medi-Cal eligibility to people who earn up to 138% of federal poverty level. This optional program is part of the federal Affordable Care Act (ACA). Coverage would be comparable to existing Medi-Cal but would exclude long-term care coverage (people with disabilities could be eligible for long-term care if a disability determination is made). It proposes two potential avenues to achieve this expansion; one could be done through existing county Low Income Health Plans (LIHPs); the other would be administered by the state. More detailed plans are awaiting federal guidance.

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<sup>1</sup> In 2012, 400% of the Federal poverty level was about \$92,200 for a family of 4 individuals.  
<http://www.familiesusa.org/resources/tools-for-advocates/guides/federal-poverty-guidelines.html>

Coordinated Care Initiative (CCI) – In 2012, the legislature approved the CCI, which does two things: 1.) Moves approximately 560,000 people who have Medicare and Medi-Cal (“dual eligibles”) into managed care in eight counties; and 2.) Changes the way another 310,000 seniors and persons with disabilities, already in Medi-Cal managed care, receive long term care services in those same eight counties. People on Medicare would be able to opt out for their Medicare services only. The goals are saving money and improving care coordination. The CCI was going to start as early as March 2013 in all eight counties simultaneously. People with disabilities and their advocates have argued strenuously that this project was moving too quickly and was too large, and has serious design and implementation flaws. The new budget makes some changes to the CCI which are good but not sufficient to allay the concerns:

The budget reflects significantly reduced savings, as compared to the original estimate which was on a different timeline, based on around 800,000 duals participating and assumed that the federal government would split any Medicare savings evenly with the state. The new figures account for individuals excluded from the program including beneficiaries enrolled in the Developmentally Disabled waiver, beneficiaries enrolled in a Kaiser Plan, and beneficiaries with other health coverage. The Budget projects revised General Fund savings for the CCI of \$170.7 million in 2013-14. The federal government has not approved the state's plan for the “duals” nor has it agreed on a shared savings methodology.

The Budget proposes to enroll beneficiaries, for their Medi-Cal benefits, in participating counties beginning in September 2013. Los Angeles County will phase in beneficiaries over 18 months. San Mateo County will enroll all beneficiaries at once. Orange, San Diego, San Bernardino, Riverside, Alameda, and Santa Clara counties will phase in over 12 months.

## **Departments of Mental Health**

In November 2004, California voters approved Proposition 63 (now known as the Mental Health Services Act, or MHSA) which imposes a 1% income tax on personal income over \$1 million. The MHSA provides increased funding, personnel and other resources to support county mental health programs and monitor progress toward statewide goals for children, transition age youth, adults, older adults and families. Tax revenues are estimated to be \$1.3 Billion in the current year and \$1.2 Billion in 2013-14. Actual allocations to counties will not be known for several months.

## **Department of State Hospitals**

The Department of State Hospitals administers the state mental health hospital system, the Forensic Conditional Release Program, the Sex Offender Commitment Program, and the evaluation and treatment of judicially and civilly committed and voluntary patients. The Budget includes \$1.6 billion (\$1.5 billion General Fund) in 2013-14 for support of DSH. The Budget maintains funding to continue the personal duress alarm system upgrade at Atascadero and Coalinga State Hospitals. The Budget includes \$20.1 million reimbursements for an estimated increase in civil commitments. DSH maintains wait lists of patients needing admission to its five hospitals and two psychiatric programs. Since June 30, 2012, the DSH has seen a steady increase in its wait list numbers for Incompetent to Stand Trial and Mentally Disordered Offender commitments. DSH will continue to monitor the pending commitments and, if necessary, develop options to address these wait lists.

## **Department of Social Services (IHSS)**

The In-Home Supportive Services (IHSS) program provides domestic and personal services to eligible low-income Californians who need these services to remain safely in their homes and prevent institutionalization. Around 425,000 people receive IHSS. The legislature and governors have tried to cut IHSS for several years; the courts have stopped all the cuts which have been challenged. Those cases are still pending final adjudication. The legislature did enact a 3.6% cut in IHSS hours for the last and the current fiscal years.

The Budget includes \$1.8 billion General Fund for the IHSS program in 2013-14, a 4.9% increase over the revised 2012-13 budget and 6.5% increase from the 2012 Budget Act, and assumes an average monthly caseload of 419,000 in 2013-14.

Most significantly for IHSS consumers, the proposed budget includes \$59.1 million to restore the 3.6% cut, which is scheduled to end on June 30, 2013.

The budget assumes that the state will prevail in the pending court cases. It includes these significant adjustments, which do not have a direct impact on consumers:

- An increase of \$92.1 million associated with more restrictive federal requirements to draw down enhanced federal matching funds for the IHSS program under the federal Community First Choice Option. Beginning July 2013, only recipients who meet the standards for nursing home level of care will be eligible for the enhanced federal match.
- An increase of \$47.1 million related to the recently enacted county maintenance-of-effort (MOE) requirement. Effective July 1, 2012, counties' share of the non-federal portion of IHSS costs is based on actual expenditures by counties in fiscal year 2011-12. The counties' MOE requirement will increase by 3.5 percent annually, beginning in 2014-15, except for years in which 1991-92 realignment revenues decrease from the immediate prior year.
- A decrease of \$30.2 million associated with the health care certification requirement enacted in 2011-12.
- A decrease of \$113.2 million to reflect implementation of the 20% across the board reduction to recipient hours on November 1, 2013. A court injunction prevented the state from implementing this reduction, which was originally required to become effective in January 2012. The Budget assumes successful resolution and implementation in 2013-14. The savings amount identified reflects fully restoring hours for severely impaired recipients, who would otherwise be placed in nursing homes.

Sources for Budget Information: The official 2013-2014 Budget Summary, and the Departments' Estimates

For additional information on the budget, please continue to check our website at: <http://www.disabilityrightsca.org>

Additionally, we suggest that you look at the following links:

- The California Budget Project: <http://www.cbp.org>
- The Legislative Analysts' Office (LAO): <http://www.lao.ca.gov>
- The Governor's budget documents: <http://www.ebudget.ca.gov>